



June 18, 2020

LLOG Exploration Offshore, L.L.C.
1001 Ochsner, Suite 100
Covington, LA 70433
Attn: Josh Graffagnini

Re: Response to Default Notice and Letter Agreement

Reference is made to that certain

- Operating Agreement dated December 12, 2002, by and between LLOG Exploration Offshore, L.L.C. ("LLOG"), LLOG Energy, L.L.C. and Fieldwood Energy Offshore LLC, as successor in interest to Davis Offshore, L.P., ("Fieldwood") (the "OA") governing all of Green Canyon Block 157 and portions of Green Canyon Block 201;
- Operating Agreement dated August 1, 2008, by and between LLOG Exploration Offshore, L.L.C., as surviving entity from merger with LLOG Exploration Offshore, Inc. and Fieldwood Energy LLC, as successor in interest to Mariner Energy, Inc. governing all of Block 58 and 59 in South Timbalier Area ("ST 59 OA");
- Joint Venture Expenditure Audit #15.2.43 South Timbalier 59#1 Well, Exception No. B1 wherein, contrary to the position taken by Apache Corporation as communicated in the letter dated December 18, 2019 and addressed to LLOG, Fieldwood does not consider the audit associated with the Audit Exception closed and further, retains its right to the amounts granted therein ("Audit Exception");
- Production Handling Agreement by and among EnVen Energy Ventures LLC ("EnVen"), as a successor in interest to Shell Offshore Inc., LLOG, and Fieldwood as a successor in interest to Davis Offshore, L.P. governing the hydrocarbon production and water production from Leases OCS-G 25154 (covering and affecting all of Green Canyon Block 157) and OCS-G 12210 (covering and affecting only and only insofar as the northeast quarter [NE/4] of Green Canyon Block 201 as to those depths from surface down to 17,000 feet subsea true vertical depth) ("PHA");
- Fieldwood dispute of portions of both the March 2020 and April 2020 joint interest billing ("JIB") for property #85233009 GC 157 #3 ST01 because lease operating expenses ("LOE") and certain fees paid under Article 3.3 of the PHA ("PHA Fees") were charged in 2020 after the well was permanently plugged and abandoned ("2020 JIB Disputes");
- Fieldwood dispute of the portion of the April 2020 JIB where Fieldwood has been incorrectly invoiced for interest on LLOG's Cash Call Invoice No. 4699 (associated with LLOG's AFE No: A17233008-1 from July 5, 2017) which was unused and never refunded to Fieldwood ("Disputed Interest Charge"); and
- Fieldwood dispute that LLOG has been incorrectly charging an eight percent (8%) rate to Fieldwood on all PHA Fees paid from LLOG to EnVen Energy Ventures LLC (EnVen) under the PHA ("Disputed Overhead").

Fieldwood is in receipt of that certain Notice of Default letter from LLOG dated May 18, 2020 (the "Letter") concerning an outstanding balance owed to the joint account for the properties governed by the OA accumulating to a total of \$549,976.51 (the "Amount").

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Dated June 18, 2020

LLOG's calculation of the Amount fails to include the: 1) \$229,117 that is owed to Fieldwood for the Audit Exception granted at ST 59#1 which has not been paid, 2) \$24,358.87 (\$22,600.56 and \$1,758.31 for March and April, respectively) which represents the 2020 JIB Disputes, 3) \$2,002.75 which represents the Disputed Interest Charge, and 4) \$199,053.02 which represents the Disputed Overhead and, as such, should be netted from the Amount resulting in a remaining balance of \$95,444.87 ("Corrected Amount").

Please acknowledge LLOG's acceptance to apply a credit of \$454,531.64 to the Amount for the Audit Exception in the space provided on the following page and return to the undersigned.

Notwithstanding anything contained herein to the contrary, Fieldwood reserves any and all rights and remedies it may have at law or in equity, including but not limited to those granted under the OA, the ST 59 OA, and the PHA.

Regards,
Fieldwood Energy LLC



John H. Smith
SVP Business Development

Agreed to and accepted this ____ day of June, 2020.

LLOG Exploration Offshore, L.L.C.

By:

Title: